

ARIZONA DEPARTMENT OF HEALTH SERVICES
COST ALLOCATION
METHOD OF COMPUTING ALLOCATION BASE

| <u>Statistic</u> | <u>Definition of Method of Computation</u> | <u>Source</u> |
|----------------------|---|--|
| Square Feet | The number of square feet in each department of the county should be determined either by a measurement from blueprints. Floor area measurements should be taken from the center of walls to the center of adjoining corridors if a hallway services more than one department. Excludes stairwells, elevators, and other shafts. General and unused areas are also to be excluded. Hallways, waiting rooms, storage areas, etc., serving only one department should be included in that department. When changes in assigned areas have been made during the year as a result of new construction, departmental relocation, expansion, or curtailment of service, statistical data should be maintained to allow for the development of Aweighted@ areas for the fractional part of the year. For example, the addition or deletion of 1,200 square feet for a six-month period would be an adjustment of 600 square feet; where the same area serves more than one function, this area must be apportioned between or among the appropriate functions. | Blueprints of the Contractor facility or actual measurement if blue prints are not available |
| Actual Costs | The direct costs of each cost center and indirect costs previously allocated. | Contractor general ledger |
| Contractor FTE | The sum of all hours for which employees were paid during the year, divided by 2,080. | Payroll accounting records |
| Machine Time | Computer time used for contractor reports divided by total machine time used. | Computer Log |
| Phone or Radio Units | Contractor phones or two-way radios divided by total phones or radios. | Physical Count |
| Vehicle Use (Miles) | Contractor charged miles divided by total miles of vehicles. | Vehicle Records |

FIN-
Date:

EXHIBIT 7
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